89-1608

No. _____

IN THE

Supreme Court of the United States

October Term, 1989

MARIAN F. CHEW,
Petitioner,

vs.

STATE OF CALIFORNIA,
Respondent.

PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals
For the Federal Circuit

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QUESTIONS PRESENTED

This case brings to this Court the questions:

Whether *Atascadero* requires State immunity in a suit brought in the Federal Courts for patent infringement.

Whether 28 U.S.C. 1338(a), acting in conjunction with *Atascadero* and Title 35, United States Code, deprives a patentee of due process by granting exclusive jurisdiction to a forum that is constitutionally barred from hearing the action.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases

Constitutional Provisions and Statutes

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To the United States Court of Appeals For the Federal Circuit

MARIAN F. CHEW, acting through counsel, petitions this Court to issue its writ of certiorari to the United States Court of Appeals for the Federal Circuit to review the judgment entered by that Court in Case No. 89-1390 on its docket, and, in support thereof, says:

OPINIONS BELOW

The opinion of the District Court (by Judge Edward J. Garcia in the Eastern District of California at Sacramento) is reported at 11 U.S.P.Q. 1159 and appears in the Appendix hereto, at page A13; the opinion of the United States Court of Appeals for the Federal Circuit (by Judge Nies, concurred in by Chief Judge Markey and Judge Friedman) is reported at 893 F.2d 331 and 13 U.S.P.Q. 2d 1393 and is reported in the Appendix hereto at page A1.

JURISDICTION

The judgment sought to be reviewed is dated and was entered January 3, 1990. No rehearing was sought by Petitioner. This court has jurisdiction to review pursuant to 28 U.S.C. 1254 (1) and 2101 (c).

CONSTITUTIONAL PROVISION AND STATUTES

The constitutional and statutory provisions relevant to this case are:

U.S. Constitution, Article I, Section 8, Clause 8

Congress shall have power * * * to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries* * *."

U.S. Constitution, Amendment XI

"The judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by citizens of another state, or by citizens or subjects of any foreign state."

28 U.S.C. 1338(a)

"The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases."

35 U.S.C. 271(a)

"Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent."

35 U.S.C. 281

"A patentee shall have a remedy by civil action for infringement of his patent."

STATEMENT OF THE CASE

Petitioner Marian F. Chew is an individual citizen of the State of Ohio, who has at no time relevant to this case resided in the State of California. Through expertise developed by years of diligent technical effort, Petitioner Chew invented a method for testing automobile engine exhaust emissions and was awarded U.S. Letters Patent No. 3,472,067 (hereinafter the Chew patent) on October 13, 1969. During the entire term of the patent, that is, until it expired on October 13, 1986, the Petitioner Chew owned and possessed the full rights awarded to her under the patent.

Petitioner became aware that the State of California, and indeed other states, were requiring that certain mechanics, authorized by the State, test automobile engine exhaust emissions in a manner that she considers to infringe upon her exclusive rights under the Chew Patent.

Petitioner Chew notified the Governor of California of her claim, which was denied. Petitioner Chew filed a claim with the State of California Board of Control, which claim was rejected on or about August 5, 1987 with notice given to her approximately two weeks latter. Within six months after Petitioner Chew received such notice, she filed the suit in the Federal Court from which this Petition for Certiorari ultimately derives.

The District Court granted Respondent State of California's Motion to Dismiss, based upon the requirement in *Atascadero State Hospital v. Scanlon*, 473 U.S. 234 (1985), that neither 35 U.S.C. 271 nor 35 U.S.C., 281 contain the "unmistakable language" of Congress' intent to abrogate the state's immunities under the Eleventh Amendment.

The Court of Appeals for the Federal Circuit affirmed the lower court's holding, stating that it was unpersuaded that this Court would depart from the rule of *Atascadero* with respect to suits against the States under the patent statute.

REASONS FOR GRANTING THE WRIT

The Court should grant a writ of certiorari because this case presents an important question to the vitality of United States Patents. Petitioner respectfully submits that protecting such vitality can be achieved in a manner that will do no harm to the holding in *Atascadero*.

This Court has stated in *Atascadero* that "the 11th Amendment implicates the fundamental constitutional balance between the Federal Government and the States. . .". *Atascadero*, 473 U.S. at 238. This Court has also noted that the Eleventh Amendment is not absolute and is limited by the delegation of powers to Congress in Article I. *Pennsylvania v. Union Gas Co.*, 109 S. Ct. 2273, 2284 (1989). It is exactly this distinction that Petitioner Chew would like this Court to clarify by issuing its writ.

Specifically, *Atascadero* was construing the scope of an act passed under Congress's authority under Amendment XIV, Section 5. That section grants a very broad power to Congress, and, since it was passed after the Eleventh Amendment, it is clearly proper that legislation passed thereunder recognize the Eleventh Amendment and contain the clear language that *Atascadero* would require.

Petitioner respectfully submits, however, that federal statutes passed under Congress' Article I grant of powers are distinguishable.

Petitioner further respectfully submits that, even within Article I, the powers can be distinguished. For example, the Congress has given exclusive jurisdiction for certain federal matters to the Federal District Courts. Specifically, these areas are: Admiralty, 28 U.S.C. 1333; Bankruptcy, 28 U.S.C. 1334; and Patents and

Copyrights, 28 U.S.C. 1338. These grants of exclusive jurisdiction are consistent with specifically targeted powers given to Congress under Article I, Section 8 of the Constitution. As to Admiralty, Congress is given power "to define and punish Piracies and Felonies committed on the high seas and Offenses against the Law of Nations". Article I, Section 8, Clause 10. As to Bankruptcy, Congress is given authority "to establish a uniform rule of naturalization, and uniform laws on the subject of bankruptcies throughout the United States". Article I, Section 8, Clause 4. Congress's power regarding Patents and Copyrights has been cited above.

The Federal Circuit relies upon this Court's recent holding in *Hoffman v. Connecticut Department of Income Maintenance*, 109 S. Ct. 2818 (1989). In that case, this Court held that *Atascadero* precludes a State being sued in Federal Court under the bankruptcy statutes. Recognizing *Hoffman* for what it states, Petitioner respectfully points out that the real underlying cause in *Hoffman* was an attempt by a receiver to obtain payment of funds considered wrongfully withheld by a State. Such an action clearly is one that could have been brought in the State courts and the fundamental constitutional balance between the Federal Government and the States might indeed be offended by any different result.

However, Petitioner Chew has had no such opportunity. As will be discussed further below, no state has a mechanism by which a patent infringement suit may be brought. In fact, this Court has stated that patent rights exist only by virtue of federal statute. *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964). This has also been recognized in our state courts. For example, the Michigan Court of Appeals has said:

> "The very function of [28 USC 1338(a)] which provides for exclusive jurisdiction of patent infringement suits is to oust any concurrent state jurisdiction."

Miracle Boot Puller Co. Ltd. v. Plastray Corp., 269 N.W.2d 496, 84 Mich. App. 118 (1978).

As to cases concerning statutes passed under Congress' Commerce Clause powers, such as *Union Gas*, petitioner recognizes that the broad power granted thereunder may be so extensive that it would be offensive to the fundamental constitutional balance to permit States to be liable to be haled into Federal Court without Congress' specific authorization.

However, the Patent and Copyright clause is a narrow grant of power and is unique in that the clause secures constitutional property rights to inventors and authors. Thus, *no constitutional problem exists with "the fundamental balance" between the Federal and State government.*

The Court should grant a writ of certiorari because this case presents an important question on the constitutionality of 28 U.S.C. 1338(a), which grants exclusive jurisdiction to fora, specifically the Federal District Courts, which are constitutionally deprived of exercising that jurisdiction by *Atascadero* as applied to Title 35, United States Code.

Patent law has always been considered to be an exclusive area for Federal legislation. In crafting the Patent and Copyright clause, the founding fathers gave Congress a very precise directive. The Patent and Copyright system established when President George Washington signed the first Patent Act on April 10, 1790, has reliably served its function for 200 years.

This Court in *Bonito Boats, Inc. v. Thundercraft Boats, Inc.*, _____ U.S.____ 109 S. Ct. 971 (1989), invoked the Supremacy Clause in holding that a Florida statute prohibiting use of a direct molding process to duplicate an unpatented vessel hull conflicts with a strong Federal policy favoring free competition in unpatented ideas. This Court also stated that, in reaffirming *Sears Roebuck*, States may not offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of Federal law.

As stated above, the States have clearly recognized this Federal preemption of patent law. *Bonito* stands for the proposition that all State statutes that are analogous to or intrude upon Federal patent law are preempted.

Congress has also, by passing 28 U.S.C. 1338(a), made patent law an exclusive area for Federal jurisdiction. The Federal Circuit erred in suggesting that Petitioner Chew could have sued the Respondent in its

own courts on a taking of her property. Such a cause of action, sounding clearly in tort, is nothing more than a preempted patent infringement action in thin disguise. What is patent infringement if it is not the taking of one's patented property?

If Petitioner Chew can have no state forum, due to Federal preemption and 28 U.S.C. 1338(a), where can she obtain the due process guaranteed to her under the Fifth Amendment and applied against the States by the Fourteenth Amendment?

CONCLUSION

If *Atascadero* immunizes the States from suit in Federal courts for patent infringement, and state patent law is preempted by *Bonito* and a state forum is denied by 28 U.S.C. 1338(a), Petitioner Chew has no remedy and will be denied her right of due process.

The Congress is currently considering legislative action to accommodate Title 35, United States Code, to the requirements of *Atascadero*. But that action is not enough. That will only correct the problem for future litigants. Only this Court can assist Petitioner Chew.

This petition presents questions which will resolve conflicts and uncertainties which have arisen through *Atascadero*. Certainly this Court did not intend for *Atascadero* to intrude into Federal patent law. It was the reliability of the Federal patent system that encouraged Petitioner Chew to obtain a patent. It is the same system's current unreliability, through improper application of *Atascadero*, that has taken her property right without recourse.

The Court should grant a writ of certiorari.

Respectfully submitted,

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APPENDIX

DECISION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

(Decided January 3, 1990)

89-1390

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MARIAN F. CHEW,
Plaintiff-Appellant,

v.

STATE OF CALIFORNIA,
Defendant-Appellee.

Before MARKEY, *Chief Judge,* FRIEDMAN,[1] *Senior Circuit Judge, and* NIES, *Circuit Judge.*

NIES, *Circuit Judge.*

DECISION

Marian F. Chew appeals from the order of the United States District Court for the Eastern District of California, *Chew v. California,* No. S-88-245 EJG (E.D. Cal. Oct. 13, 1988) (Garcia, *J.*), dismissing her complaint for failure to state a claim upon which relief may be granted. Marian Chew, a resident of Ohio, brought a patent infringement suit against the State of California

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[1] Judge Friedman took senior status on November 1, 1989.

alleging infringement of her United States Patent No. 3,472,067 ('067 patent) directed towards a method for testing automobile exhaust emissions. Upon motion by the State of California asserting immunity from suit in federal court under the Eleventh Amendment to the United States Constitution, the district court dismissed. We affirm.

I

BACKGROUND

Appellant Marian F. Chew, the inventor and owner of the patent in suit, is a citizen of the State of Ohio. Chew invented a method for testing automobile engine exhaust emissions and was awarded the '067 patent on October 13, 1969. Chew alleges that during the term of the patent, which expired on October 13, 1986, appellee State of California required testing of automobile engine exhaust emissions by a process which she asserts infringed the '067 patent. She states that she notified the Governor of California of her claim and then filed a claim (presumably for compensation) with the State of California Board of Control, but that her claim was rejected in August 1987. Chew had six months thereafter to file suit on her claim, *see* California Gov't Code §945.6 (Deering 1982), but did not pursue that course of action in state court. Instead she brought suit for patent infringement damages against the state under the patent statute, 35 U.S.C. §1 et seq. (1982 & Supp. 1987), in the United States District Court for the Eastern District of California under 28 U.S.C. §1338(a) (1982). The state immediately moved to dismiss, asserting its sovereign immunity from suit in the federal court under the Eleventh Amendment. Before the district court, Chew opposed the motion, on the grounds: (1) the state itself

had waived its immunity by provisions in the state constitution and statutes; (2) the state impliedly consented to her suit by participating in the federally funded Clean Air Act program; and (3) Congress has abrogated the states' immunity by provisions of the patent statute and by giving exclusive jurisdiction to federal courts to decide patent infringement claims. The district court rejected all of Chew's arguments, the first two under the Supreme Court's decision in *Atascadero State Hospital v. Scanlon*, 473 U.S. 234 (1985), in which similar arguments had been put forth. Chew advances only her last argument in this appeal.[2] On that issue, the district court held that congressional intent to abrogate a state's immunity under the Eleventh Amendment must be explicit even where the federal courts are given exclusive jurisdiction over the asserted claim, and that no explicit abrogation appears within the patent statute.

[2] An amicus brief supporting Chew's position has been filed by the American Intellectual Property Law Association.

ISSUE

May a state invoke the Eleventh Amendment of the United States Constitution to bar a suit against the state for patent infringement?

II

OPINION

A. Eleventh Amendment Immunity

The Eleventh Amendment provides that:

> The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.

U.S. Const. amend. XI. By its terms, state sovereign immunity extends to protect California against every suit in federal court by citizens of another state, such as Chew, a resident of Ohio.

Appellant first contends that the doctrine of sovereign immunity is grounded on the principle that "there can be no legal right as against *the authority* that makes the law on which the right depends." *Kawananakoa v. Polyblank*, 205 U.S. 349, 353 (1906) (emphasis added). In appellant's view, it follows that states have no sovereign immunity from liability under the patent statute because the states are not the "authority" that enacted that statute. However, appellant fails to note that *Kawananakoa* did not involve *Eleventh Amendment* immunity. Were the principle stated in *Kawananakoa* the principle being effectuated by the Eleventh Amendment, suits against the state would *ipso facto* be permitted under *all* federal statutes,

rendering any further analysis superfluous. Clearly this has never been a viable interpretation of immunity under the Eleventh Amendment.[3]

Contrary to appellant's view, the Supreme Court has stated that "the Eleventh Amendment implicates the fundamental constitutional balance between the Federal Government and the States . . . ." *Atascadero State Hospital v. Scanlon*, 473 U.S. 234, 238 (1985). *See also, Dellmuth v. Muth*, 109 S. Ct. 2397, 2400 (1989). While the immunity of the states from suit in federal courts under the Eleventh Amendment, on its face, appears to be absolute, this constitutional prohibition has been interpreted to be limited by the delegation of powers to Congress in Article I. As explained by Justice Brennan's opinion in *Pennsylvania v. Union Gas Co.*, 109 S. Ct. 2273, 2284 (1989):

> Because the Commerce Clause withholds power from the States at the same time as it confers it on Congress, and because congressional power thus conferred would be incomplete without the authority to render States liable in damages, it must be that to the extent that the States gave Congress

[3] *See, e.g., Hans v. Louisiana*, 134 U.S. 1 (1890) (sovereign immunity under the Eleventh Amendment precludes suit against state in federal court under Contracts Clause of the Constitution, Art. I, § 10); *Hoffman v. Connecticut Dept. of Income Maintenance*, 109 S. Ct. 2818 (1989) (sovereign immunity under Eleventh Amendment precludes suit against state in federal court under Bankruptcy Code, 11 U.S.C. § 106(c)); *Dellmuth v. Muth*, 109 S. Ct. 2397 (1989) (sovereign immunity under Eleventh Amendment precludes suit against state in federal court under Education of the Handicapped Act, 20 U.S.C. § 1400 *et seq.*); *Welch v. Texas Dept. of Highways & Pub. Transp.*, 107 S. Ct. 2941 (1987); (sovereign immunity under Eleventh Amendment precludes suit against state in federal court under the Jones Act, 46 U.S.C. § 688); *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234 (1985) (sovereign immunity under Eleventh Amendment precludes suit against state in federal court under the Rehabilitation Act of 1973, 29 U.S.C. § 794).

> authority to regulate commerce, they also relinquished their [Eleventh Amendment] immunity where Congress found it necessary, in exercising this authority, to render them liable. The States held liable under such a congressional enactment are thus not "unconsenting"; they gave their consent all at once, in ratifying the Constitution containing the Commerce Clause, rather than on a case-by-case basis.

The Court went on to find in *Union Gas* that the text of the statutes before it clearly evidenced congressional intent to render the states liable.

Similarly, appellant and amicus urge in this case that by granting Congress authority to protect inventions in Article I, § 8, cl. 8 of the Constitution, Congress has authority to subject the states to patent infringement suits in federal courts and has done so under the present patent statute. We disagree. Assuming the Congress has the power to subject the states to patent infringement suits, a complex question we do not resolve herein, we conclude, as a matter of statutory interpretation, that Congress has evidenced no intent to exercise such power in the patent statute. *Hoffman v. Connecticut Dept. of Income Maintenance*, 109 S. Ct. 2818, 2824 (1989) ("need not address [congressional] authority under bankruptcy power" where statute "did not abrogate" Eleventh Amendment immunity).

The question of whether Eleventh Amendment immunity has been abrogated has been addressed in a number of recent decisions of the Supreme Court. While the Justices have expressed differing opinions on the limits of congressional power to abrogate states' immunity under the delegated powers (*see, e.g.*, the concurring and dissenting opinions in *Union Gas*), even under the broadest view of the power to abrogate,

Congress must "make its intent to do so 'unmistakably clear.' " *Union Gas*, 109 S. Ct. at 2277 (plurality opinion). In *Atascadero*, 473 U.S. at 243, the Court stated: "Congress must express its intention to abrogate the Eleventh Amendment in unmistakable language in the statute itself." Evidence of such congressional intent must be both "unequivocal and textual." *Dellmuth*, 109 S. Ct. at 2401.

The district court examined the text of the patent statute and rejected Chew's argument that 35 U.S.C. § 271(a) (1982) contains the requisite intent. In pertinent part, section 271(a) reads: "*whoever* without authority makes, uses or sells any patented invention . . . infringes the patent." (emphasis added). We agree that the general term "whoever" is not the requisite unmistakable language of congressional intent necessary to abrogate Eleventh Amendment immunity. The Supreme Court has rejected similar arguments based on general language within a federal statute authorizing suit in federal court which, when given its broadest interpretation, could conceivably subject states to suit. For example in *Atascadero*, 473 U.S. at 245-46, it was urged that the language in the Rehabilitation Act providing for remedies against "any recipient of Federal assistance" was broad enough to encompass suit against a "recipient" state. In unequivocably rejecting that position, the Court held:

> General authorization for suit in federal court is not the kind of unequivocal statutory language sufficient to abrogate the Eleventh Amendment.

Id. See also Dellmuth, 109 S. Ct. at 2402 (Education of the Handicapped Act, 20 U.S.C. § 1400(b)(9), "parties aggrieved by the Administrative process"—not unmistakable language to authorize suit for grievance

against state); *Welch v. Texas Dept. of Highways & Pub. Trans.*, 107 S. Ct. 2941, 2947 (Jones Act, 46 U.S.C. § 688, "any seaman"—not unmistakable language to authorize suit against state by state ferry boat employee). "When Congress chooses to subject the states to federal jurisdiction, it must do so *specifically*." *Atascadero*, 473 U.S. at 246 (emphasis added). Appellant refers us to no provision in the patent statute, and we find none, which specifically mentions states in conjunction with enforcing a patentee's right to exclude granted by the patent statute.

The recent *Union Gas* decision does not lend support to appellant's position here. In *Union Gas*, 109 S. Ct. at 2277-80, the Supreme Court held the states' immunity to be abrogated by language in the Comprehensive Environmental Response, Conservation and Liability Act (CERCLA), 42 U.S.C. § 9601 *et seq.* (1982 & Supp. V. 1987), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), Pub. L. No. 99-499, 100 Stat. 1613 (1986), which made "persons" and "owners and operators" liable for the cleanup costs of contamination. In amended CERCLA, however, states are explicitly included within the statute's definition of "persons," 42 U.S.C. §9601(21), and "owner or operator" is defined by reference to certain activities a "person" may undertake, 42 U.S.C. §9601(20)(A). *Id.* at 2277.

In contrast to *Union Gas*, in the present patent statute Congress has provided no express statutory definition of "whoever," much less one which specifically includes "states." Thus, the statute in *Union Gas* is distinguishable from the patent statute.

Amicus and Chew urge that we should discern from decisions of the Court, the public policy in granting patents, the exclusivity of Congress's patent power and

the statutory exclusiveness of federal courts' jurisdiction over patent cases, a basis on which to apply a modified, more liberal standard for abrogation of Eleventh Amendment immunity. Assuming that the constitutional and statutory goal of "promot[ing] the Progress of Science and useful Arts . . . ," U.S. Const. art. I, §8, cl. 8, would be better effectuated by subjecting states to patent infringement suit in federal court, we cannot reach the result appellant urges. In *Dellmuth*, 109 S. Ct. at 2400-01, the Supreme Court expressly rejected the nontextual argument that abrogation was " 'necessary . . . to achieve the [Education of the Handicapped Act]'s goals,' " and further expressly rejected an approach permitting resort to legislative history to aid in determining Congressional intent where the text of the federal legislation bore evidence of such an intention but not with unmistakable language.

> Legislative history generally will be irrelevant to a judicial inquiry into whether Congress intended to abrogate the Eleventh Amendment. If Congress' intention is "unmistakably clear in the language of the statute," recourse to legislative history will be unnecessary; if Congress' intention is not unmistakably clear, recourse to legislative history will be futile, because by definition the rule of *Atascadero* will not be met.

Id. at 2401. Similarly, the exclusivity of a congressional power or the exclusiveness of the federal court remedy has not been relied upon as grounds or support for abrogation. *See Hoffman*, 109 S. Ct. at 2822 (rule of *Atascadero* applied to Bankruptcy Code). We are unpersuaded by Chew's argument that the Supreme Court would depart from the rule of *Atascadero* with respect to suits against the states under the patent statute.

We also do not agree with Chew that, because the interpretation that immunity has not been abrogated means she has no forum in which to sue California for patent infringement, the statute must be given the contrary interpretation. This situation is exactly the same as depicted in *BV Engineering v. UCLA*, 858 F.2d 1394, 8 USPQ2d 1421 (9th Cir. 1988), *cert. denied*, 109 S. Ct. 1557 (1989). In *BV Engineering*, 858 F.2d at 1400, 8 USPQ2d at 1425-26, the Ninth Circuit held that Congress had not abrogated the states' Eleventh Amendment immunity in enacting the Copyright Act of 1976, even though it recognized this holding meant that appellant had no forum for bringing a copyright infringement suit. While we are not bound by this precedent, *see Woodard v. Sage Prods., Inc.*, 818 F.2d 841, 844, 2 USPQ 2d 1649, 1651 (Fed. Cir. 1987) (*in banc*), we find the reasoning generally persuasive. Whether Chew, had she filed suit in state court, was entitled to a remedy under state law is a question not before us. *See, infra* n.5. We point out that Congress has similarly not provided a forum for patent infringement suits against the United States in Title 35. Rather it has provided for a suit for compensation in the United States Claims Court where "a [patented] invention is used or manufactured by or for the United States." 28 U.S.C. § 1498 (1982). Such suit is based on principles related to the taking of property, namely a patent license, and subjects the United States to payment of appropriate compensation therefor, not to the liability or relief (such as treble damages) provided in the patent statute.

B. TAKING

Appellant argues that a holding that the Eleventh Amendment prohibits suits against a state for patent infringement in federal court necessarily results in a deprivation of her property without due process of law. This argument appears to intermix two separate, albeit related, arguments: (1) that interpreting the patent statute to preclude patentees from their infringement remedy against a state in federal court violates procedural or substantive due process under the Fifth Amendment; and (2) that the State of California's use of appellant's patented invention without paying compensation deprives Chew of her property contrary to the Fourteenth Amendment.

With respect to the first argument, Chew's claim in essence is that Congress' failure to abrogate states' Eleventh Amendment immunity takes her property. The proper party for that claim would be the United States, not the State of California.[4]

Similarly, with respect to Chew's second argument that the state has taken her property, a patent infringement suit is not the appropriate legal remedy for vindicating a "takings" claim.[5]

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[4] *See Dames & Moore v. Regan*, 453 U.S. 654, 688-90 (1980); *Regional Rail Reorganization Act Cases*, 419 U.S. 102, 125-27 (1974).

[5] While the *BV Engineering* court expressed concern about reaching a result that precluded any forum for bringing a copyright infringement action against a *state*, we think that this concern is misplaced to the extent it is premised on the assumption that, without a forum for an *infringement* suit, an owner of a patent or copyright has *no* legal recourse against a state. This decision, as does the decision in *BV Engineering*, simply forecloses one avenue of recourse—the specific relief for infringement of patent rights otherwise provided by federal statute. *Cf. Welch* 107 S. Ct. at 2953 n.19 (availability of worker's compensation claim against state noted where Jones Act claim dismissed).

III

CONCLUSION

The State of California is immune from suit for patent infringement under the patent statute by reason of the Eleventh Amendment. For that reason, we affirm the district court's order dismissing appellant's complaint.

IV

COSTS

Each party shall bear their own costs.

AFFIRMED

ORDER OF THE UNITED STATES DISTRICT COURT

(Filed October 13, 1988)

CIV. NO. S-88-245 EJG

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT
OF CALIFORNIA

MARIAN F. CHEW
Plaintiff,

v.

STATE OF CALIFORNIA,
Defendant.

ORDER GRANTING DEFENDANT'S
MOTION TO DISMISS

This matter was before the court on May 27, 1988 on defendant State of California's motion to dismiss for lack of personal jurisdiction and for failure to state a claim upon which relief can be granted. The basis for both motions was the State's claim of immunity from suit in federal court pursuant to the Eleventh Amendment. After hearing the arguments of counsel concerning the continuing viability of *Mills Music, Inc. v. State of Arizona*, 591 F.2d 1278 (9th Cir. 1979), the court requested supplemental briefing and took the case under

submission. Now, having considered all the materials submitted by the parties, the court finds that defendant's motion should be granted.

In opposition to the motion, plaintiff makes three main arguments: (1) that the state has waived its immunity pursuant to various state constitutional and statutory provisions; (2) that the state has impliedly consented to suit in federal court by participating in a federally funded program; and (3) that Congress has expressly authorized suit against the state in federal court by giving federal courts exclusive jurisdiction over suits involving the patent laws enacted in Title 35 of the United States Code.

Plaintiff's first two arguments are easily disposed of. The issues of whether Article III, Section 5 of the California Constitution provides a waiver of sovereign immunity has been specifically addressed by the Supreme Court. In *Atascadero State Hospital v. Scanlon*, 105 S.Ct. 3142 (1985), the court interpreted Article III, Section 5 as legislative authorization to waive the state's immunity to suit in state court. However, "[i]n the absence of an unequivocal waiver specifically applicable to federal court jurisdiction, we decline to find that California has waived its constitutional immunity." *Atascadero*, 105 S.Ct. at 3147.

Plaintiff's reliance on Cal. Govt. Code § 14781, which requires bidders on state contracts to indemnify the state against claims for patent infringement, is also misplaced. That section was repealed in 1983. In any event, plaintiff has cited no authority construing that section as a waiver of the state's immunity. California Health & Safety Code § 44036 is equally unavailing. Contrary to plaintiff's assertions, nowhere in that section is there language expressing the state's consent to be sued.

Also without merit is plaintiff's argument that the state has impliedly consented to suit in federal court by participating in the Clean Air Act, a federally funded program. *Atascadero* teaches that state participation in federally funded programs authorized by federal statute does not, by itself, act as a waiver of the state's immunity. In addition, the federal statute must contain "unmistakable language" indicating Congress' intent to subject unconsenting states to suit in federal court. *Atascadero*, 105 S.Ct. at 3149-50. No such language is present in the Clean Air Act. *See* 42 U.S.C. §7401 *et seq*.

Plaintiff's final argument is more difficult to resolve. Plaintiff contends that in enacting the patent laws under Title 35 of the United States Code, Congress specifically abrogated the states' sovereign immunity by granting the federal courts exclusive jurisdiction over patent actions. In support of her position, plaintiff relies on a Ninth Circuit opinion which has never been expressly overruled. *See Mills Music, supra*.

The court cannot argue with plaintiff's reasoning. Indeed, if the Eleventh Amendment is held to bar suits against states in federal courts where federal courts provide the only forum for relief, the result seems unjust. *See e.g., B.V. Engineering v. University of California*, 657 F.Supp. 1246, 1250 (C.D. Cal. 1987). However, plaintiff is mistaken when she asserts that no other court has been faced with the apparent conflict between the Eleventh Amendment and statutes conferring exclusive jurisdiction on the federal court. *See Charley's Taxi Radio Dispatch v. SIDA of Hawaii*, 810 F.2d 869 (9th Cir. 1987) (eleventh amendment barred federal antitrust action against state and state agency; the federal courts have exclusive jurisdiction over claims arising under the Sherman Anti Trust Act).

Although the court is reluctant to reach a conclusion contrary to binding Ninth Circuit authority, recent Supreme Court decisions compel the court to conclude that *Mills Music, supra* is no longer a correct statement of the law. Applying the two most recent pronouncements of the Supreme Court in *Atascadero, supra*, and *Welch v. State Dept. of Highways & Transportation*, 107 S.Ct. 2941 (1987) to the facts of this case, the court finds that neither §271 nor §281 of Title 35 contain "unmistakable language" indicating congressional intent to abrogate the state's immunity under the Eleventh Amendment. Accordingly, defendant's motion must be granted.

IT IS SO ORDERED.

DATED: October 12, 1988.

EDWARD J. GARCIA, *Judge*
United States District Court

DECISION OF THE STATE OF CALIFORNIA BOARD OF CONTROL

(Dated August 19, 1987)

State of California
State Board of Control
P. O. Box 3035
Sacramento, CA 95812-3035
(916) 323-3564 ATSS 473-3564

August 19, 1987

Marian F.Chew
46155 Mather lane
Chagrin Falls, CA 44022

RE: Chew, Marian

Claim Number: G117490 Code: 17

The State Board of Control, at its meeting of August 5, 1987 rejected this claim.

Sincerely,

Government Claims Unit
State Board of Control

cc: B-3 Consumer Affairs Attn: Phyllis Mulvey
B-4 Air Resources

WARNING

"Subject to certain exceptions, you have only six months from the date this notice was personally delivered or deposited in the mail to file a court action on this claim. See government code section 945.6. You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

(REJECT)

No. 89-1603

In The

Supreme Court of the United States

October Term, 1989

MARIAN F. CHEW,

Petitioner,

vs.

STATE OF CALIFORNIA,

Respondent.

RESPONSE TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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TABLE OF CONTENTS

Page

CONTENTS

TABLE OF AUTHORITIES

Page

CASES

SUMMARY OF ARGUMENT

Petitioner had a remedy in the courts of the State of California for any taking of her property. The California Supreme Court has clearly established that intangible property, such as a patent right, can be the subject of an inverse condemnation claim such as Petitioner had for the alleged taking of her property by the State without just compensation. Furthermore, assuming *arguendo* that Petitioner had no such remedy, the patent statute in question does not meet the requirement that abrogation of Eleventh Amendment immunity can be accomplished only by a clear and explicit statement to that effect in the language of the statute itself.

ARGUMENT

PETITION FOR WRIT OF CERTIORARI SHOULD BE DENIED

I. Petitioner Had A Remedy In State Court For Any Taking Of Her Property

Contrary to Petitioner's claim that she lacks any forum in which to litigate her rights, and that she is therefore denied due process of law, Petitioner had a state court remedy for the alleged taking of her property.[1] In *City of Oakland v. Oakland Raiders*, 32 Cal.3d 60, 64-69, 183 Cal.Rptr. 673, 676-678, 646 P.2d 835, 837-840 (1982), the California Supreme Court determined that there was

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[1] As will be discussed *infra*, this is the same remedy available as against the federal government for alleged patent infringement.

no restriction on the nature of property that can be taken by eminent domain, and thus intangible property (in that case a football franchise) could be taken if the public purpose requirements for the valid exercise of such power were met. In determining that there was no distinction to be made, with regard to condemnation, between tangible and intangible property, the *City of Oakland* at page 66 noted that this Court had long since come to the same conclusion, citing *The West River Bridge Company v. Dix et al.* (1848) 47 U.S. (6 How.) 507, 533 [12 L.Ed. 535, 546] (which concerned the government's power in relation to a franchise), and *Kimball Laundry Co. v. U.S.* (1949) 338 U.S. 1, 10-11, 16 [93 L.Ed. 1765, 1774-1775, 1777-1778, 69 S.Ct. 1434, 7 A.L.R.2d 1280] (concluding that such intangibles as trade routes of a laundry were condemnable). The *City of Oakland* at pages 66 to 67 also noted that "[r]espected treatise writers and commentators have been in full accord," citing, among others, Nichols on Eminent Domain which states,

> "Personal property is subject to the exercise of the power of eminent domain. Intangible property, such as choses in action, *patent rights*, franchises, charters or any other form of contract, are within the scope of this sovereign authority as fully as land. . . . " (emphasis added) (1 Nichols on Eminent Domain (3d rev. ed. 1989) § 2.1[2], pp.2-8 to 2-9.)

The court noted that the sovereign's power to take property is necessary to the very existence of government, and that, when properly exercised, such power,

> "[a]ffords an orderly compromise between the public good and the protection and indemnification of private citizens whose property is taken

> to advance that good. That protection is constitutionally ordained by the Fifth Amendment to the United States Constitution, which is made applicable to the states by nature of the Fourteenth Amendment (*Chicago, Burlington Sc. R'd. v. Chicago* (1897) 166 U.S. 226, 233-241 [41 L.Ed. 979, 983-986, 17 S.Ct. 581]) and by article I, Section 19 of the California Constitution." *City of Oakland*, 32 Cal.3d at 64.

Thus, Petitioner's Fifth Amendment protection is provided by means of the state court action to determine appropriate compensation.

Simply put, if property such as a patent right can be condemned by means of eminent domain, then the owner of such property would also have an inverse condemnation claim where the property in question was taken without the payment of just compensation. "[C]ondemnation and inverse condemnation, in our view, are merely different manifestations of the same governmental power, with correlative duties imposed upon public entities by the same constitutional provisions. . . . " *City of Oakland*, 32 Cal.3d at 67. *City of Oakland* clearly establishes that Petitioner had a remedy in state court, had she chosen to pursue it. The existence of that state court remedy provided Petitioner with the means for a due process determination of her property rights.

II. This Court Has Determined That A State's Eleventh Amendment Immunity Is Not Abrogated By Statute Absent A Clear Statement To The Contrary In The Relevant Law

This Court has made it clear that Congress' intent to abrogate the States' Eleventh Amendment immunity

must be unmistakably clear in the language of the relevant statute itself. As recently stated in *Dellmuth v. Muth*, ___ U.S. ___, 109 S.Ct. 2397, 2401 (1989) the evidence of congressional intent to abrogate such immunity must be both "unequivocal and textual." See also *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 242 (1985), *reh. denied* 473 U.S. 926 (1985); *Pennsylvania v. Union Gas Co.*, ___ U.S. ___, 109 S.Ct. 2273, 2280 (1989); and *Welch v. Texas Highways & Pub. Transp. Dept.*, 483 U.S. 468, 474-76 (1987). Consequently, as noted by the Appellate Court below, Congress is the appropriate body to address Petitioner's complaint. *Chew v. State of California*, 893 F.2d 331, 336 (Fed. Cir. 1990).[2]

While it is true that the current law does not provide Petitioner with a forum for a patent *infringement* suit against the State of California, we note,

> "that Congress has similarly not provided a forum for patent infringement suits against the United States in Title 35. Rather it has provided for a suit for compensation in the United States Claims Court where 'a [patented] invention is used or manufactured by or for the United States.' 28 U.S.C. § 1498 (1982). Such suit is based on principles related to the taking of property, namely a patent license, and subjects the United States to payment of appropriate compensation therefor, not to the liability or

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[2] We note that legislation to abrogate the States' Eleventh Amendment immunity for patent infringement has, in fact, been introduced during the current session of Congress in both the House (1990 H.R. 3886) and Senate (1990 S. 2193).

> relief (such as treble damages) provided in the patent statute." (*Chew*, 893 F.2d at 336.)[3]

Thus, the same remedy as is available to Petitioner against the United States, is available against the State of California in state court under the theory that Petitioner's property has been unjustly taken by the State.

Furthermore, and again as noted by the Appellate Court below (*Chew*, 893 F.2d at 335), the exclusiveness of a federal court remedy has not been relied upon as grounds or support for a finding of abrogation. *Hoffman v. Conn. Dept. of Income Maintenance*, ___ U.S. ___, 109 S.Ct. 2818 (1989); *B.V. Engineering v. Univ. of Cal., Los Angeles*, 858 F.2d 1394 (9th Cir. 1988), *cert. denied*, 109 S.Ct. 1557 (1989); *Charley's Taxi Radio Dispatch v. SIDA of Hawaii*, 810 F.2d 869 (9th Cir. 1987). Consequently, assuming *arguendo* that there was some basis to Petitioner's theory that her sole remedy lies in a federal forum, such fact would remain insufficient to support a finding of abrogation.

The patent statute in question (35 U.S.C. 271(a), 281) does not meet the requirement for unmistakably clear language abrogating state immunity and such abrogation cannot be implied.

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[3] The court in *Calhoun v. United States*, 453 F.2d 1385, 1391 (1972), specifically noted that the government may take by eminent domain a compulsory compensable license in a patent, and that a patentee obtains his Fifth Amendment just compensation for that taking through an action under 28 U.S.C. §1498.

CONCLUSION

Petition For Writ Of Certiorari should be denied since the patent statute in question does not contain the clear and explicit language necessary to find that Congress has abrogated the states' Eleventh Amendment immunity. Furthermore, Petitioner had a state court remedy in which she could have claimed compensation for any alleged taking of her property, had she chosen to do so, and, consequently, Petitioner was not denied due process of law.

Respectfully submitted,

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No. 89-1603

IN THE

Supreme Court of the United States

October Term, 1989

MARIAN F. CHEW,
Petitioner,

vs.

STATE OF CALIFORNIA,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF OF PETITIONER

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases:

Treatises:

No. 89-1603

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REPLY BRIEF OF PETITIONER

BASIS FOR REPLY

The Petitioner in this matter received the Respondent's response on June 28. As that response contains material arguably constituting "arguments first raised" under Supreme Court Rule 22.5, Petitioner respectfully requests consideration of the following reply brief addressed to that material.

PETITIONER HAS NO REMEDY AVAILABLE IN STATE COURT

In its Response to the Petition for Writ of Certiorari, the Respondent State of California boldly asserts that Petitioner had a state court remedy for the alleged taking of her property. Respondent relies upon *City of Oakland v. Oakland Raiders*, 32 Cal. 3d 60, 64-69, 183 Cal. Rptr. 673, 676-78, 646 P.2d 835, 837-40 (1982) as standing for the proposition that any form of property, including intangible personalty, such as patent rights, can be taken under eminent domain, provided that the "public purpose" requirement is met. *City of Oakland* bases its opinion in part upon the respected treatise *Nichols on The Law of Eminent Domain*, which Respondent graciously quotes to drive home its point. But the Respondent fails to give the Court the full flavor of Nichols.

The quotation from Nichols fails to indicate that footnotes are omitted. Even more specifically, it fails to note that the cases cited by Nichols as authority that "patent rights *** are within the scope of this sovereign authority as fully as land ***" relate to *federal* use of eminent domain over patent property. *See United States v. Burns*, 12 Wall. 246, 20 L. Ed. 388 (1871) (use of tent patent during Civil War); *James v. Campbell*, 104 U.S. 356, 26 L. Ed. 786 (1881) (use of stamping machine by Post Office) and *Calhoun v. United States*, 453 F.2d 1385 (Ct.Cl. 1972) (use of O-rings in military airplane engines). Respondent also fails to note that a State's power under eminent domain is not without limits. For example, a State's power to condemn federal lands within its territorial limits is "at present denied no matter what the

present federal use may be unless the federal government consents to such condemnation." 1 *Nichols on Eminent Domain* (3d rev. ed. 1989) Sec. 2.22, p. 2-134.

Certainly Petitioner does not believe that her patent is analogous to federal property. But she does believe that her patent right is a statutory grant made by the federal government under exclusive authority granted by citizens of the Respondent State when they accepted our federal Constitution.

Respondent has not been able to present any case laws, from any of the fifty States, where a party has presented a case for patent "taking" or "inverse condemnation" in a State court. To the contrary, extensive law exists to support the position that State courts will not entertain lawsuits that purport to enforce patent rights under various guises. *See*, for example, *Miracle Boot Puller Co. Ltd. v. Plastray Corp.*, 269 N.W.2d 496, 84 Mich. App. 118 (1978) and *Burke v. Pittway Corp.*, 380 N.E.2d 1, 20 Ill. Dec. 324, 63 Ill. App. 3d 354, *cert. denied*, 441 U.S. 908. If the federal preemption of patent law from *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), which was affirmed last year in *Bonito Boats, Inc. v. Thundercraft Boats, Inc.*, _____ U.S. _____, 109 S. Ct. 971 (1989), is to have meaning, the supremacy of federal patent law must again be asserted by this Court.

CONCLUSION

Respondent has failed to show any instance of a patent "taking" claim being sustained in any State, so Respondent's argument that Petitioner has a State remedy must fail as being merely speculative. The Writ should issue to protect the supremacy of the federal patent system.

Respectfully submitted,

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